

## WAGANAKISING ODAWAK STATUTE 2009-015

### INVESTMENT STATUTE

#### SECTION I. PURPOSE

It is the purpose of the Little Traverse Bay Bands of Odawa Indians (LTBB) to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Tribe and to comply with any applicable federal laws or regulations regarding federal program monies received and administered by the Tribe. This statute repeals and replaces WOS 2000-13, WOS 2007-002.

#### SECTION II. FUNDS TO WHICH THIS POLICY APPLIES

The Executive is hereby authorized to invest tribal funds in accordance with the this Statute as it applies to all financial assets of LTBB including, but not limited to, funds derived through federally funded contracts and programs, such as Public Law 93-638 contract monies and Native American Housing Assistance Self Determination Act grants, and funds derived from LTBB enterprises. These assets are accounted for in various bank accounts held in the name of LTBB.

#### SECTION III. INVESTMENTS

A. GENERAL GUIDELINES. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Any fees incurred in making investments shall be paid with income from such investments.

B. INVESTMENT OF CONTRACT AND GRANT MONIES AND PROHIBITION OF CO-MINGLING. When making and administering investments under the authority of this Statute, funds received under a specific federal contract or grant, or from any other government

or private funding source for specific purposes, must be individually invested and accounted for, and shall not be co-mingled with any other funds. Such funds must be invested in a manner that ensures their availability for expenditure as set out in the contract or grant documents or as determined by the Executive. Short term guaranteed preservation of principal is essential for such funds. The funds will be invested in a manner that maximizes return within the absolute safety and time constraints, such as in money market and certificates of deposit.

C. GENERAL FUNDS. General Funds, including those derived from the enterprises and any other federal fund revenue sources shall be invested in a diversified manner designed to meet both the short and long term financial needs of LTBB. The Executive shall review the annual budget approved by the Tribal Council to determine the time frames in which LTBB will need to access such funds and prepare an appropriate portfolio to meet cash flow needs and provide for long-term growth.

D. INVESTMENT PLAN. The Executive shall acquire assistance from persons with a financial background to formulate an investment plan. The plan shall include but not limited to the following:

1. An assessment of the amount of risk the Tribe is willing to accept according to the then current economic conditions. Diversify into cash, stocks, index, and money market types of funds.
2. A determination of the amount of investment loss the Tribe is willing to accept. An example would be a loss of five percent (5%) on a ten (10) million dollar investment would be five hundred-thousand dollars (\$500,000). When the amount of loss is reached, some stock funds should be removed and held in cash or a money market type account. When the market settles or a bottom is reached, reinvestment should be made in stocks.
3. ETF-Exchange Traded Fund that tracks an index, but can be traded like a stock. Exchange traded funds always bundle together the securities that are in the index.
4. Index fund-A passively managed mutual fund that tries to mirror the performance of a specific index. i.e. The S&P 500.
5. Private Equity-An asset class of equity securities in operating companies that are not publically traded.

6. SPDR-Shares of a security designed to track the value of the S&P 500.
7. TIP- Treasury inflation protected security issued by the U.S government.
8. FDIC or FSLIC insured savings accounts, money market accounts and certificates of deposit with major depositories possessing capital and surplus of two billion or more, or one of the top 200 banks.
9. Commercial paper having a rating of A2/P1.
10. Fixed income securities that are classified as investment grade by Standard & Poor's; (BBB or better) and by Moody's (BAA or better).
11. Publicly traded stocks, bonds and mutual funds that are properly registered with the Securities and Exchange Commission, and given the highest ratings by Moody's and Standard & Poor's.

E. INVESTMENT FUND REQUIREMENTS

1. When investments are doing well, profits should be removed. A market decline cannot be predicted however some profits may be recaptured when available.
2. Hire or retain a financial expert that is a registered representative that works for a fee and not a commission. This expert should monitor our investment accounts at least twice a year to determine risk and diversification. The Executive may use an in-house expert, if available.
3. The Executive shall submit all financial plans to Tribal Council for approval prior to implementation of the plan.

F. PROHIBITED INVESTMENTS. The Executive shall not invest any Little Traverse Bay Bands of Odawa Indians funds in commodities, private placements, letter stock or engage in short sales or margin transactions or derivatives and venture capital.

SECTION IV REPORTING

A. The Executive shall meet with the Appropriations and Finance Committee annually or at such time as requested by the Appropriations and Finance Committee to review the prior year's investment performance.

B. The funds that have been invested can only be withdrawn or expended by prior approval of Tribal Council.

## SECTION V SEVERABILITY

If any section, subsection, paragraph, sentence, phrase or portion of this Statute is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

## SECTION VI EFFECTIVE DATE

Effective upon the signature of the Executive, or 30 days from submission to the Executive Branch, or if the Executive vetoes the legislation, then upon Tribal Council override of the veto.

## CERTIFICATION

As the Tribal Council Legislative Leader and Tribal Council Secretary, we certify that this Statute was duly passed by the Tribal Council of the Little Traverse Bay Bands of Odawa Indians at a regular meeting of the Tribal Council held on June 14, 2009 at which a quorum was present, by a vote of 7 in favor, 0 opposed, 0 abstentions, and 2 absent as recorded by this roll call:

	In Favor	Opposed	Abstained	Absent
Fred Harrington, Jr.	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Melvin L. Kiogima	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Dexter McNamara	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Marvin Mulholland	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Rita Shananaquet	<u>          </u>	<u>          </u>	<u>          </u>	<u>X</u>
Alice Yellowbank	<u>          </u>	<u>          </u>	<u>          </u>	<u>X</u>
Gerald V. Chingwa	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Regina Gasco Bentley	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>
Beatrice A. Law	<u>X</u>	<u>          </u>	<u>          </u>	<u>          </u>

Date: 06-14-09

Beatrice Law, Legislative Leader

Date: 06-14-09

Regina Gasco Bentley, Secretary

Received by the Executive Office on 06-15-09 by Lisa Flynn

Pursuant to Article VII, Section D, Subsection 1 of the Little Traverse Bay Bands of Odawa Indians Constitution adopted on February 1, 2005 the Executive concurs in this action of the Tribal Council.

Date: 07-12-09

Frank Ettawageshik, Tribal Chairperson